

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANSThe meeting was called to order by Senator Paul Hess at _____
Chairperson11:00 a.m./p.m. on February 22, 1983, 19____ in room 123-S of the Capitol.

All members were present except:

Senator Bogina and Senator Steineger

Committee staff present:

Research Department: Marlin Rein, Sherry Brown, Mary Galligan, Ray Hauke
Revisor's Office: Norman Furse
Committee: Mark Skinner, Doris Fager

Conferees appearing before the committee:

Dr. Robert Harder, Secretary, Department of Social and Rehabilitation Services
Dave Shulman, Crosslines Cooperative Council, Kansas City
Nancy Sargent, League of Women Voters
Roger L. McCollister, Kansas Legal Services, Inc.
Kathie Champlin, United Community Services of Johnson County, Inc.
Paul Johnson, Public Assistance Coalition of Kansas
Gina Pulliam, Advisory Council, Social and Rehabilitation Services
Wanda McDaniels, General Assistance Recipient
Susan Handley, General Assistance Recipient

Sub. for

HB 2084 - General Assistance

Dr. Harder distributed a memorandum dated February 21, 1983, concerning GA Transitional Assistance and Medikan Programs (See Attachment A). He then explained Substitute for HB 2084. There were questions concerning the bill following his explanation.

Mr. Shulman distributed his presentation (See Attachment B). The Chairman asked him if he was aware that other programs under the administration of SRS are accomplished by rule and regulation, and if he was suggesting that all eligibility programs be placed in the statute books. Mr. Shulman answered that he is concerned that the bill does not indicate whether there will be a general assistance program, and he feels the decision needs to be made by statute whether or not there will be such a program.

Ms. Sargent presented her written testimony (See Attachment C). Following her presentation, Senator Hess asked her to suggest which taxes should be raised to support the program in question. She stated that severance tax is the main priority, followed by a graduated income tax and possibly sales tax. Senator Doyen and Senator Werts asked questions concerning the fiscal condition of the state in connection with continuation of the general assistance program. Senator Doyen indicated that the Legislature provides the funds and the secretary provides the program; and further, that he did not know of any other way to handle the problem. Senator Gaines reminded Ms. Sargent that the Secretary had been told by the Governor to cut expenses by four percent, and when he attempted to cut the general assistance program, the Attorney General said he could not do it by present Kansas Law. That is the reason for the proposal currently being considered.

Mr. McCollister distributed his prepared statement (See Attachment D). Following his testimony, there were questions from committee members and a brief discussion concerning the contents of Sub. for HB 2084.

Ms. Champlin read from her prepared statement (See Attachment E). In answer to questions from committee members, she said her group endorses an adequate severance tax, cigarette and liquor taxes. When asked by Senator Doyen what she considered an adequate severance tax, she said seven percent would be good, but she would need to study a severance tax proposal before she would give a definite answer.

Sub. for HB 2084 - Continued

Mr. Johnson read from prepared testimony (See Attachment F). Senator Hein noted that Mr. Johnson said the poor are always the losers where legislative appropriations are concerned. He stressed that there are other groups who might make the same blanket statement, since the Legislature attempts to distribute available funds on a fair basis. Senator Gaines added that, in surrounding states, the generosity of Kansas people is apparent.

Ms. Pulliam presented her prepared statement (See Attachment G). Committee members were given opportunity to question her following her presentation.

Ms. McDaniels presented her written statement (See Attachment H). She concluded by stating her opposition to Sub. for HB 2084. Committee members were given opportunity to ask questions.

Ms. Handley briefly stated her opposition to Sub. for HB 2084. Members of the committee were given opportunity to question her.

The meeting was adjourned by the Chairman.

M E M O R A N D U M

FROM: Peter E. Rinn *PR* DATE: February 21, 1983
TO: Dr. Harder SUBJECT: GA Transitional Assistance and Medikan Programs

This memo sets out the revised timeline for implementing the GA Transitional Assistance and Medikan Programs effective April 1, 1983.

February 16 - 22: Draft regulations (already accomplished for Medikan Program).

February 21 - 23: Draft summaries.

February 21 - March 2: Obtain sign-off from Department of Administration and Attorney General.

February 24: Send notice to Kansas Register for publication on March 3, 1983.

March 1: Preliminary discussion of proposed changes at Open Meeting.

March 2: Area office training.

March 3: Publish official public comment notice in Kansas Register.

March 4: Area office training.

March 7: 310Ts and Notice of Action forms for Transitional Assistance cases and computer lists for control purposes provided to Area Offices.

March 7 - 21: Area Office preparation to implement new programs. Make necessary corrections; prepare notices, etc.

March 18: Official public comment hearing.

March 21: Deadline for sending Notice of Actions to affected clients.

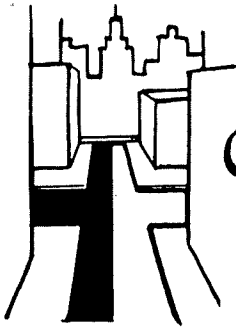
March 23: Adopt administrative regulations.

March 24 or 25: Board approval.

April 1: Effective date.

PER/pc

Att A - 2-22-83 11:00 a.m.



CROSS-LINES COOPERATIVE COUNCIL

1620 SOUTH THIRTY-SEVENTH STREET
KANSAS CITY, KANSAS 66106
(913) 432-5497

INCORPORATED

EXECUTIVE DIRECTOR
Rev. Donald C. Bakely

PROGRAM DIRECTOR
Mr. M. Myron Dice

SECRETARY
Mrs. Joy Clark

*A Non-Profit
Private Agency
Serving South
Kansas City, Kansas
Since 1965*

Testimony of David Shulman before Senate Ways &
Means Committee on Substitute for HB 2084

February 22, 1983

SUPPORTED BY:

INTER-FAITH GROUPS
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FOUNDATIONS
INDIVIDUALS

PROGRAM SERVICES:

EMERGENCY ASSISTANCE
TRANSPORTATION
EDUCATION
RECREATION
HOUSING

SPINOFF PROJECTS:

HEALTH SERVICES
LEGAL SERVICES
HOUSING

ACTION OBJECTIVES:

UPLIFT
HUMAN DIGNITY

BREAK BARRIERS
OF PREJUDICE

SENSITIZE TO
PLIGHT OF POOR

ENABLE
SELF-DEVELOPMENT

ADVOCACY ROLES
FOR SOCIAL CHANGE

NEIGHBORHOOD
EMPOWERMENT

COOPERATIVE
SERVICE

POOLING OF
RESOURCES

UTILIZE
VOLUNTEERS

I'd like to thank this committee for this opportunity to speak.

My name is David Shulman from Cross-Lines Cooperative Council, a social service agency in Kansas City, Kansas. I have come to address some concerns I have regarding the Substitute for HB 2084.

This bill would give the Secretary of SRS very broad powers to determine who may receive assistance in the state and who would not. Currently, that power rests with the legislature. That is where it should remain, for several reasons:

1. It is the responsibility of the legislature to make broad policy decisions for the state. Deciding who should be receiving basic assistance from the state is one of those broad areas of policy that should be decided upon in the open arena of legislative debate and not by administrative fiat.

2. The Secretary of SRS has a limited area in which he can work out his budget, whereas the legislature has the broad perspective of the entire state budget. Thus, if the SRS budget is being overspent the Secretary has no choice but to cut benefits where the legislature can decide to shift budget priorities, raise new monies, allow for smaller ending balances, cut benefits or any combination of the above. This overview of the entire budget process gives the legislature a far greater range to deal with basic issues, such as eligibility than the Secretary.

3. If this bill had been passed last year, 4,000 to 5,000 people would currently be without any base for support. The decision would have been made without significant input from either the legislature or the general public.

It is my suggestion that the legislature retain the right and responsibility to set the basic eligibility standards and not give this as a discretionary power to the Secretary. Furthermore, the legislature may want to give some flexibility to the Secretary within the basic limits set by law, such as inter fund borrowing or limited across the board powers. In this manner, the state will have the flexibility necessary to deal with emergencies while continuing to make basic policy decisions in the public forum of the legislature.

LWVK LEAGUE OF WOMEN VOTERS OF KANSAS

909 Topeka Boulevard-Annex

913/354-7478

Topeka, Kansas 66612

February 22, 1983

Statement in opposition to substitute HB 2084.

Chairman Hess and Members of the Committee:

I am Nancy Sargent speaking for the League of Women Voters of Kansas. The legislature must have the courage to continue to assume the responsibility for its needy citizens. This includes making the statutes for social programs as well as raising revenue for the state.

The major change in substitute HB 2084 delegates the responsibility for eligibility standards to the Secretary of SRS through the regulatory process rather than through statute. This approach is an abdication of your responsibility as legislators and it leaves the voter out of the system. It takes a sophisticated approach to the legislative process to have an impact on regulations. Those who are affected by the changes would usually contact their senator or representative only to be told the power was elsewhere. Further, without adequate funds or the ability to raise large amounts of revenue, the Secretary of SRS would not have the power to enact an effective program.

The League also opposes the extreme reductions in the general assistance program in HB 2084. We are concerned that there will be 4,000 adults without any means of subsistence. These 4,000 are just the beginning when general assistance rolls have increased over 60% in the past year and continue to rise. Private charities cannot expand to cope with this statewide problem. What will these people do? I cannot imagine that they will quietly wait.

More revenue is needed; the League urges you to raise taxes and to continue to support the basic needs of Kansans.

Nancy Sargent, LWVK Lobbyist
Human Resources/Social Policy Chair

Att C 2-22-83 11:50 a.m.

PRESENTATION BEFORE THE
SENATE WAYS & MEANS COMMITTEE
REGARDING SUBSTITUTE HB 2084

Presented on Request
by
KANSAS LEGAL SERVICES, INC.

February 22, 1983

Roger L. McCollister
Executive Director
Kansas Legal Services, Inc.
112 West 6th Street, Room 202
Topeka, Kansas

11:00
a.m.
A H D 2-22-83

I. INTRODUCTION TO KANSAS LEGAL SERVICES, INC.

KLS is a statewide legal services program, delivering legal services to low-income clients in civil, non-fee-producing matters, throughout a network of ten service offices covering all counties in the state. KLS serves approximately 11,000 clients annually, and has a profound interest in legislation affecting low-income citizens. KLS is appearing on request of members of the Senate Ways and Means Committee in order to present its views regarding the proposed legislation.

II. SUMMARY OF TESTIMONY BEFORE HOUSE WAYS & MEANS COMMITTEE - January 26, 1983.

A. Constitutional Problems With HB 2084

Article 7, section 4, of the Kansas Constitution, recites that "the counties of the state shall provide for the poor and those who have claims upon the sympathy and aid of society." A 1936 amendment recites that "the state may participate financially in such aid and supervise and control the administration thereof." In the early 1970's, the state of Kansas completely assumed responsibility for the General Assistance program from the counties, as set forth in K.S.A. 39-708 and 39-709. The effect of Substitute HB 2084 could be to reimpose the burden of providing for the poor on the counties. This might result in substituting property taxes for income and sales taxes and would create a legal claim on county budgets by the poor.

B. HB 2084 Is Unfair to the Unemployed Who Cannot Find Work

Unemployment in Kansas has risen 55% since the 1980 Census was taken. The GA caseload has increased 86% from October 1981 to January 1983. Substitute HB 2084 is targeted at removing all benefits from those able-bodied unemployed who are looking to the GA program for support and is, therefore, unfair to those who would like to work, but cannot find a job due to the current depression.

C. Causes of Pressure on the GA Budget

1. The Economy. Unemployment is reaching crisis proportions in the country and is a serious problem in Kansas. There were 73,700 unemployed in Kansas in December 1982. For many, unemployment benefits and

extended unemployment benefits are running out, and they are looking to the General Assistance program as a place of "last resort." For those who are not eligible for unemployment benefits, the General Assistance program is their only hope. Because of the longevity of the unemployment problem, there is unusual pressure on the General Assistance budget.

2. Disability Reviews. In March of 1981, the Social Security Administration began accelerated reviews of persons receiving federal disability benefits. This resulted in 1,224 persons being terminated from federal disability benefits in 1981-82. On a national average, 60% of those terminated from federal disability programs end up on state programs such as General Assistance.

In Kansas, it is estimated that the impact on General Assistance budget was approximately \$1,984,614.00. This also resulted in the removal of \$4,043,952.00 of federal transfer payments from the Kansas micro-economy. Applying the maximum multiplier effect of 4.1 to 1, it is expected that, in 1981-82, approximately \$16,580,203.00 was removed from the annual economic activity of Kansas.

KLS has made several proposals to the administration and to SRS as to how we might lessen the effect of federal policies on the state budget. KLS strongly encourages the state to thoroughly explore ways of preventing the federal government from "dumping" the disabled onto state welfare rolls as a partial cure for General Assistance budgetary problems.

III. ANALYSIS OF SUBSTITUTE HB 2084

- A. Limitation of G.A. Definition. Page 3, lines 104-106.

G.A. may be limited to transitional assistance in some instances as specified by rules and regulations adopted by the Secretary.

Analysis: This allows the Secretary to limit GA to transitional assistance only, at his discretion, and according to rules he would adopt in the future. This authority could result in a substantial change in the General Assistance program without adequate legislative review.

B. No Requirement for a G.A. Program. Page 4, lines 131-135.

~~The secretary of social and rehabilitation services shall also have the power and it shall be the secretary's duty, but is not required, to develop a state plan in regard to assistance and services in which the federal government does not participate.~~

Analysis: This section gives the Secretary the authority to decide not to have any form of general assistance, whether able-bodied, disabled, or transitional. This results in an over-broad delegation of authority to the Secretary, in that it gives him the power to legislate. This provision may be unconstitutional and unenforceable according to State ex rel. v. Mermis, 187 Kan. 611 (1961); Gumbhir v. The Kansas State Board of Pharmacy, 228 Kan. 579 (1980).

C. No Requirement to Participate in Federal Programs. Page 4, lines 128-131.

The secretary is not required to develop a state plan for participation or cooperation in all federal social security act programs or other federal programs that are available.

Analysis: This section removes the requirement to participate in any federal program. The Secretary, without direct legislative oversight, could remove Kansas from the Aid to Dependent Children program, in the extreme. Again, this is an over-broad delegation of authority to the Secretary, creating potential legal problems if the Secretary should attempt to exercise authority under this section.

D. Partiality Among Persons of Equal Need. Page 4, lines 139-142.

~~No rule and regulation shall be adopted which will require partiality in the amount of the public assistance or medical assistance to be given to persons of this state having approximately equal need.~~

(Deleted by Substitute HB 2084)

Analysis: The deletion of this section would permit people of the same or similar means to be treated differently.

For example, under the original HB 2084, a person over 51 with no income would receive assistance, while a similar person under 51 would not. Both people would have equal need. This discriminates without a rational basis, and may be unconstitutional.

E. Terminates All Ablebodied. Page 11-12, lines 413-417.

To qualify for General Assistance in any form, a needy person must have insufficient income or resources to provide a reasonable subsistence compatible with decency of health and, except as provided for transitional assistance, be unable to engage in employment.

F. The Secretary Defines Employability. Page 12, lines 417-420.

The secretary shall adopt rules and regulations prescribing criteria for establishing whether a person is able to engage in employment, including such factors as age or physical or mental condition.

Analysis: Sections cited in E and F above remove assistance for all ablebodied unemployed and give the Secretary wide discretion to set criteria to define "employability." The Substitute HB 2084 is more broad than the original bill and leaves no program, other than transitional assistance for the unemployed. This is particularly disturbing in light of the substantial number of unemployed who are beginning to look to General Assistance as a program of "last resort."

IV. CONCLUSION

Substitute HB 2084 represents a major revision, not only fiscally, but programmatically, in state welfare legislation. It allows the Secretary of SRS an over-broad discretion to define General Assistance, to determine eligibility, and even to determine whether there will be a General Assistance program at all. Consequently, the proposed legislation may be unconstitutional, and as a matter of public policy, is certainly ill-advised.

The Legislature has a responsibility to the citizens of the state to provide minimum protection for the assurance of basic survival necessities of life, especially during economic "hard times." To propose legislation that would reduce that protection is not in the best interest of the state. To propose

legislation that could result in no protection at all is unconscionable and may result in reimposing a burden on the counties to provide for the poor. We strongly recommend that Substitute HB 2084 not pass, and that the Legislature fulfill its responsibility to the citizens of the state and provide adequate funds for a meaningful General Assistance program.

COMMENTS AND PROPOSALS

Re: HB 2084

Submitted by
KANSAS LEGAL SERVICES, INC.
at the request of
HOUSE WAYS AND MEANS COMMITTEE

January '26, 1983

Roger L. McCollister
Executive Director
Kansas Legal Services, Inc.
112 West 6th Street, Room 202
Topeka, Kansas

I. CONSTITUTIONAL IMPLICATIONS OF HB 2084

Article VII, Subsection 4 of the Kansas Constitution originally provided as follows:

The respective counties of the state shall provide, as may be prescribed by law, for those inhabitants who, by reason of age, and infirmity or other misfortune, may have claims upon the sympathy and aid of society.

In interpreting this section, the Kansas Supreme Court said:

The Constitution...commands that counties of the state shall provide for the poor and those who have claims upon the sympathy and aid of society. When an overseer of the poor finds a poor person in need of care, it is his duty to furnish him prompt and proper relief.

Caton and Starr v. Osborne County, 110 Kan. 711 (1922).

In 1936, in a special legislative session, an amendment to this section was passed and adopted at the general election in November, 1936. The proviso is as follows:

Provided, however, the state may participate financially in such aid and supervise and control the administration thereof.

This amendment was enacted in response to the federal Social Security Act which mandated a nationwide Aid to Dependent Children program. In 1937, the state passed the Comprehensive Social Welfare Law (Laws 1937, Chapter 327) and embarked on the development of a statewide program of social welfare coordinated with the federal Social Security Act.¹ (Until 1973, the counties assisted in administering and funding the GA program. In 1973, the state exercised its constitutional option and assumed responsibility for GA from the counties as set forth in K.S.A. 39-709(d).)

Currently, the General Assistance program eclipses the duty owed by counties to provide for the poor. This is because the state program meets the entire need and county tax dollars are not required to finance the program.

¹ See State, ex rel. v. Jackson County Board of Social Welfare, 161 Kan. 672 (1946) at 674 & 675.

Under the proposal submitted by the State Welfare Department, all ablebodied individuals between 18 and 51 years of age would receive a single stipend of \$100 per year. It is plain that \$100 per year is totally inadequate to provide any individual with a decent standard of living. Because these individuals will not be provided for by the state, they will "have claims upon the sympathy and aid of society." It is our view in this situation that the county governments of the state will be compelled under the authority of the Constitution to provide this aid. Thus, it seems to us that the result of the law, if enacted, would be to throw upon the counties the additional burden of providing for all those now on General Assistance who are "ablebodied" and who cannot find work. The end result of this would be an increase in the budgets of the respective counties. Thus, the issue really becomes: How does one finance assistance for these individuals? Through property taxes? Sales taxes? Income tax? Or a severance tax on oil companies? By enacting this law, the Legislature will have chosen the unpopular property tax as opposed to these other revenue sources to provide for the low-income individuals cut from General Assistance rolls.

II. PROBLEMS WITH HB 2084

A. HB 2084 Creates Constitutional Crisis.

The Constitution, in Article VII, Subsection 4, mandates assistance to the poor by the counties and allows the state the discretion to assume this responsibility. HB 2084 abdicates that responsibility which would reimpose the Constitutional mandate to the counties, creating a legal claim by the poor on county funds. Since the counties are not prepared for this reimposition of responsibility, a crisis would develop.

B. HB 2084 Creates Potential Pressure to Increase Property Taxes.

Since the counties would be constitutionally required to provide assistance to the poor, they would need to raise county revenues to fund a local program. Property taxes would be the most likely vehicle to raise the needed funds.

C. HB 2084 Destroys the Comprehensive Character of the State Welfare System.

In the midst of the Great Depression, the Kansas electorate, on November 3, 1936, enacted Art. VII, subsection 4 of the Kansas Constitution, in order to provide assistance to the poor. In 1983, we have a fully developed Welfare System that seeks to provide for the truly needy through an efficient and effective program using both state and federal revenues. It would be untimely to seriously weaken the GA program and begin to dismantle the State's comprehensive system during the current depression.

D. HB 2084 is Unfair to the Unemployed Who Cannot Find Work.

Unemployment has risen 55% since the 1980 Census was taken. There were 73,700 unemployed in December 1982, while there were 48,000 unemployed in December 1981. Thousands of unemployed are beginning to exhaust unemployment benefits and fall back on General Assistance and Food Stamps. The GA caseload has increased 86% from October 1981 to January 1983. HB 2084 is targeted at removing benefits from those unemployed who are looking to the GA program as a "last resort" and is, therefore, unfair to those who would like to work, but cannot find a job due to the current depression.

III. DEMOGRAPHICS OF POOR AND POVERTY IN KANSAS

A. Due to the dramatic change in the Kansas economy since the 1980 Census was taken, the poverty data developed from this Census vastly understates the extent of the poverty status of Kansas citizens at the present time.

1980 - Census

Number of persons at 100% of poverty-level income:	231,699
Number of households at 100% of poverty-level income:	85,498
Number of persons unemployed:	44,759

1981 - December (Situation)

Number of persons unemployed:	48,000
Increase over 1980 Census unemployed:	3,241
Average persons in Kansas household:	2.71
Increase in poverty-level income persons:	8,873
Adjusted 1980 Census poverty population:	240,482

1982 - December (Situation)

Number of persons unemployed:	73,700
Increase over December 1981 unemployment:	25,700
Average persons in Kansas household:	2.71
Increase in poverty-level income persons:	69,647
Adjusted 1980 Census poverty population:	310,129

There has been a 33.85% increase in persons at the poverty level income from the time of the 1980 Census until December, 1982.

B. Unemployment Information

<u>Unemployment</u>	<u>Number</u>	<u>Rate</u>	<u>% Change in Rate</u>
Time of 1980 Census	44,759	3.73%	----
December 1981	48,000	4.00%	7.24%
December 1982	73,700	6.20%	55.00%

Benefits - An unemployed worker in Kansas, if covered, has 26 weeks of unemployment benefits for economic survival. There is an additional 13 week supplemental coverage, provided the unemployed worker meets all the eligible criteria

in KSA 44-704a and a special 14-week additional federal supplemental benefit, again providing that the worker and the state meet various eligibility criteria. At the maximum, if the worker and the state meet various eligibility criteria, a worker may receive 53 weeks of unemployment benefits.

C. Impact of Unemployment on State Assistance Programs.

1. Aid to Families with Dependent Children - Unemployed Parent Program (AFDC-UP).

AFDC-UP Caseload:

October 1981	5,064 persons on AFDC-UP
November 1982	8,695 persons on AFDC-UP

This caseload growth over a year's time represents a 71.70% percentage increase. The increased cost to the State for a 12-month period for this growth in persons receiving is:

3631 persons x \$88.45 x 12 mos. ÷ 50% =
state general revenue costs of \$1,926,971
(excluding medical)

2. General Assistance

General Assistance caseloads have shown the following growth, although the total growth cannot be attributed to the increase in the State's unemployment rate.

G.A. Caseload Growth:

October 1981	7,661 persons receiving
October 1982	12,414 persons receiving
November 1982	12,556 persons receiving
December 1982	13,378 persons receiving
January 1983	*14,319 estimated persons receiving

[* SRS flash report date for this one month estimated final recipient data.]

Percent Increase of Caseload:

From October 1981 to October 1982 = 62.04%
From October 1981 to January 1983 - 86.91%

Projected additional costs for general revenue for the difference in caseload between October 1981 and October 1982 for a 12-month period: (Including medical and cash assistance at the FY 82 average cost per person-month.)

4753 persons x \$211.76 x 12 mos. = \$12,077,943

D. Underfunding of GA Budget in Original 1983 Appropriation Bill.

During the 1982 legislative session, General Assistance was appropriated for FY-83 for a total of 90,315 person-months receiving, for an average of 7,526 persons per month. This appropriation target of 7,526 persons per month was appropriated at the time that actual caseload data showed a much higher GA participation and an increasing trend line.

March 1982 - GA caseload:	9,790 persons
April 1982 - GA caseload	10,001 persons
July 1982 - GA caseload	11,304 persons

During April of 1982, the FY-83 appropriation target of 7,526 persons indicated an underfunding of the GA budget to an extent of 32.89%, and the trend line was increasing. So, in essence, the GA budget was in trouble with data already available at the time of the appropriation.

IV. FEDERAL DISABILITY PROGRAM PRESSURE ON THE G.A. BUDGET

A. C.D.I. and Initial Eligibility Impact

During the same period of time that unemployment in Kansas rose from 3.73% to 6.2% and seriously impacted the General Assistance budget, the federal government initiated a policy of accelerated Continuing Disability Investigations (CDIs) for the two federal disability assistance programs, Title II, Social Security Disability Insurance (SSDI) and Title XVI, Supplemental Security Income (SSI).

The objective of this ongoing federal policy is to reduce the rolls of persons receiving federal disability benefits and make state resources the final social safety net for these individuals. The Office of Management and Budget projected for budgetary purposes that the termination rate under the accelerated redetermination (CDI) process would be 40% of those cases examined.

These cases are being re-determined under a federal policy that allows termination of benefits even in the absence of medical evidence of improvement in the recipients disabling condition.

I am sure you are all aware of the horror stories that have been extensively carried by the press relative to many, many cases that were arbitrarily terminated for persons who were grossly disabled. KLS has been in the midst of many of these cases and the stories have not been exaggerated.

During the 1981-82 year, there were 3,050 eligibility redeterminations processed in Kansas, with 1,224 (40.13%) cases terminated. Nationally, each federal disability case represents support for an average of 1.6 persons per case. It is estimated that, during this year, 1,958 persons were terminated from the federal disability rolls in Kansas and were at risk of becoming wards of the General Assistance program.

The national average is that 67% of those cases who adequately appeal their termination ultimately get their benefits restored. The Congressional Select Committee on Aging has estimated that six out of every 10 persons dropped from disability rolls end up on state-supported assistance programs.

Potential One-Year Fiscal Effect on G.A. of the 1981-1982 CDI Process.

	<u>1981-82</u>
CDIs processed:	3,050
Cases terminated:	1,224
National average of cases appealed 50%	612
National average of success 67%	410
Potential cases for G.A.	814
National average of 1.6 persons per case	
Potential persons at risk for G.A.	1,302
National average of 60% on state programs -	
Potential or expected persons on G.A. from just one year's CDI reviews	781

If these persons remained on General Assistance for just 12 months, the additional general fund cost for those 12 months for assistance and medical would be:

$$781 \text{ persons} \times 211.76 \text{ per mo.} \times 12 \text{ mos.} = \$1,984,614.$$

These persons dropped from the federal rolls to the State final safety net are physically and mentally impaired and generally remain on GA for substantial lengths of time. Therefore, the costs to GA from the effects of the federal policy is exponential in that each succeeding year's terminations are added to those previous terminations, and these clients remain on for a longer period of time.

The federal disability program policy directions further compound the General Assistance budget problem in that initial applications for disability are being denied at a 70% rate in Kansas. Ultimately, 58% of those denied persons, who have adequate counsel and an adequately developed appeal, and who do appeal, receive disability benefits. Only 50% of those whose initial applications are denied do appeal and therefore pose a large at risk population for the GA program.

In the year 1981-82, there were in Kansas the following initial applications for eligibility for federal disability assistance:

	<u>1981-82</u>
Initial applications:	10,371 cases
Applications denied:	7,259
Percentage denied:	70%

1981-82

National average appeals:	50%
National average expected to appeal in Kansas:	3,629
National average reversal rate:	58%
Expected reversal of cases in Kansas:	2,104
Potential cases still at risk for GA	5,153
Average number of persons per case	1.6
Potential persons at risk for GA	8,244

The above process for just one year would leave a potential of 8,244 persons at risk to become dependent on General Assistance from the initial application process.

The fiscal effects of the federal policy initiatives related to the federal disability programs could become astounding in that these mentally and physically impaired persons are the longer term recipients for whom the proposed GA program changes seek to conserve GA resources.

B. Potential Micro-Economic Impact of the Federal Disability Policy on the Kansas Economy.

If 814 cases of federal disability benefits are terminated each year in Kansas through the CDI (eligibility re-determination process), the micro-economic impact also becomes significant.

The average monthly transfer payment (SSI/SSDI) per case in Kansas is \$414 a month, or \$4,968 per year. This represents a loss or cessation of transfer payments of \$4,043,952 of external funds into the Kansas micro-economy. Since these funds are virtually non-discretionary, the maximum multiplier effect of 4.1-1 could logically be expected to impact on the Kansas economy. This would equate to \$16,580,203 annual economic activity that is being denied Kansas. Project this over several years of the CDI process and it becomes very significant to the micro-economic health of the State. This would project to nearly \$50 million in lost economic activity and its subsequent revenue loss to the state of Kansas.

V. KANSAS LEGAL SERVICES' PROPOSALS

A. Reduce Pressure on the GA Budget by Insuring Maximum Participation in Federal Disability Programs.

Since March, 1981, the Social Security Administration has accelerated its review of SSI and SSDI disability recipients. In the 1981-82 year, 3,050 cases were reviewed in Kansas with 1224 terminated (40.13%). If national averages are applied to Kansas, 781 of these terminations became GA recipients for a GA liability of \$1,984,614, and a loss of federal revenue to the State's economy of \$4,043,952. In addition, there are hundreds, maybe thousands, of current GA recipients and disability applicants who should be eligible for federal disability programs.²

The process of obtaining federal disability benefits and preventing terminations is complicated and involves the complex analysis of medical data. Applicants and recipients need help in order to obtain or retain federal benefits. The state of Kansas should seriously consider funding legal advocacy to applicants and recipients attempting to obtain or retain federal disability benefits as a means of protecting state revenues.

Massachusetts has enacted legislation funding legal services and other public advocacy groups to represent the disabled in obtaining and retaining federal disability benefits. Other states are studying this legislation as the cost of funding legal advocacy is very small compared with the economic return to the state. As an example, 67% of those who contest federal disability terminations are eventually successful. In 1981-1982, if all terminations had been aggressively contested, pressure on the GA budget could have been reduced by over \$1 million annually and over \$2 million annually could have been returned to the Kansas economy from federal revenues.

KLS has studied and prepared a comprehensive plan to implement such an advocacy system in Kansas. We would be happy to present the details of this plan and how it could benefit the State on request.

² See, Oversight of the Social Security Administration Disability Reviews, a report prepared by the Subcommittee on Oversight of Government Management of the Committee on Governmental Affairs, U.S. Senate, August, 1982, 97th Congress, 2d Session.

B. Recognize the GA Program as a Priority in a Depression Economy and Adequately Fund It.

With unemployment at 6.2% and rising rapidly, and a record number of unemployed exhausting unemployment benefits and looking to General Assistance as a "last resort," it is clear that funding the basic necessities for the unemployed is emerging as a top priority for the 1983 Legislature. If a significant number of Kansans do not have adequate food and shelter, all else government accomplishes becomes secondary to meeting those needs. The Legislature should recognize that meeting the basic needs of the poor in today's economy is a top priority and should adequately fund the General Assistance and AFDC programs.



United Community Services of Johnson County, Inc.
 5311 Johnson Drive, Shawnee Mission, Kansas 66205
 913/432-8424

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TO : Senate Ways & Means Committee
 FROM: Kathie Champlin, Chairman *cc*
 Legislative Committee
 DATE: February 22, 1983
 RE : HB 2084
 General Assistance

United Community Services opposes Substitute HB 2084. This bill delegates GA eligibility criteria to the rules and regulation process of the Department of SRS. It removes the responsibility for this important public policy decision from elected officials and places it with a less accessible bureaucratic procedure.

We recognize the difficulty in funding the GA program. We are following the Senate Ways & Means Sub-committee proposal to maintain all GA recipients. The "able-bodied" clients would receive reduced cash (\$100/month) and medical benefits. At this time, this seems to be an appropriate compromise.

As a planning agency supported by United Way, we are particularly aware of the needs of low income people. Once again, we want to remind you that we specifically support an adequate severance tax and cigarette tax to meet the dire needs of low income Kansans.

PUBLIC ASSISTANCE COALITION OF KANSAS
P.O. Box 2815
Topeka, Kansas 66601
(913) 354-4635

To: Senate Ways and Means Committee

From: Paul Johnson, director of the Public Assistance Coalition of
Kansas

Date: February 22, 1983

RE: Substitute House Bill 2084

My name is Paul Johnson and I am director of the Public Assistance Coalition of Kansas. Our organization is a coalition of churches, civic and labor groups statewide concerned with issues affecting low-income Kansans.

I must speak bluntly today regarding Substitute House Bill 2084. This bill as it stands is very dangerous and radical in regard to public welfare legislation in the state of Kansas. The few protections poor people have that are written into state law are being legislated away. Furthermore, no hearing was held on this specific bill in the House and one hour has been allowed in the Senate. This rush job leaves no time for a detailed study of the impact of this bill on state welfare law. This dramatic of a change in law would not be tolerated by the banking or oil industries, but poor people have less of a voice in this process.

What the law does

This law, in effect, gives the Secretary of SRS incredibly broad and expansive powers that are questionably constitutional and certainly unethical. They go against the amount of power that should be delegated to a state agency. The Secretary has the ability, under this bill, to fashion welfare programs of the state in almost any way he sees fit. According to the letter of this bill, the Secretary would be able to alter or totally do away with the General Assistance Program, a state-funded and state-run program (see lines 132-134). Most SRS programs are federally funded in part, and consequently have federal parameters Congress has set out. This bill takes out existing parameters for the state General Assistance program, and leaves those guidelines to be filled in by the Secretary of SRS. We feel it is the duty of the state legislature to mandate those guidelines. The Secretary of SRS is not an elected official. Funding decisions, major policy decisions and certainly major programmatic decisions should be made by an elected body.

Arguments for the bill

One of the arguments used in favor of this bill is that the legislature will fund SRS adequately in the Omnibus Bill. There are problems with that reasoning. In budget battles, poor people tend to consistently lose and we see this as no different than what has been happening on the federal level. Income-related programs consistently lose out. The Secretary has not denied the need of the General Assistance Program. But if he is given a set amount of money and limited guidelines, he

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will have to cut wherever he can.

Another argument says that any rule changes the Secretary makes must go through the Legislative Rules and Regulations Committee, so this bill does not really take the decision totally away from the legislature. However, Rules and Regulations do not allocate money. Their hands will be tied if the Secretary has that authority to cut, and has a budget he must stay within.

We understand the budgetary restraints demand that the GA program be streamlined in some manner. We do not, however, agree with the legislature relinquishing their responsibility. We think the legislature has broader budgetary vision than the administrative director of a department. Also, the legislature can better assess the alternative costs incurred when one program is changed or eliminated. (For example, when unemployment rises 1%, state prison populations rise by 4%.) These kinds of comparison costs are imperative in law making bodies and are very relevant to social welfare law.

Under Substitute House Bill 2084 the Secretary of SRS will have the decision making power of life or death over the poor and unemployed in the state of Kansas. The legislature needs to take this responsibility upon themselves as elected officials. A better title for this bill would be "set the money on the stump and run" bill.

The Public Assistance Coalition of Kansas urges you to take a closer look at the consequences of this bill, and the broader implications for welfare programs and the poor of our state.

Thank you for allowing me the opportunity to speak.

ADVISORY COUNCIL

social and rehabilitation services

TO : Senate Ways & Means Committee
FROM: Gina Pulliam, Vice President
DATE: February 22, 1983
RE : Substitute HB 2084

The SRS Advisory Council of the Olathe area is an appointed citizen and consumer group that studies and makes recommendations on SRS programs. We have opposed HB 2084 and the substitute bill. We believe the General Assistance program including the category of clients considered "able-bodied" must be maintained. We also believe the responsibility for determining who is eligible for GA should remain with the Legislature.

Our Advisory Council is certainly aware of the state financial problems. We wrestled with whether we were being responsible if we asked for additional funds for GA. We are, however, also aware of the problems of the low income people that depend on GA payments. We do not believe that poor Kansans should bear the brunt of the state's financial difficulties. Our Council recognizes and accepts that additional revenue will have to be raised to provide the supplemental funding needed for GA.

The SRS Advisory Council opposes the delegation of state policy decisions such as GA eligibility criteria to the rules and regulations procedures. The legislative process is much more visible and accessible to citizens wanting to comment on public policy. In the past our Council has reviewed proposed changes in SRS regulations. The written information on proposed regulations was difficult to interpret and required meeting several hours with SRS staff members to understand the changes and determine their impact on clients.

To encourage citizen input we ask that the Legislature retain this responsibility.

Dorothy Ballard
Ken Betterton
Lois Bloomquist
Sherry Briggs
David Coe
Wilma Dickey
Claire Ewert
Frances Jarchow
Margaret Jordan
Barbara Kuehn
Heidi Logan
Ann Nees
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Nancy Petersen
Gina Pulliam
Sherry Reed
Susan Smokowicz
Barbara Stewart
Evelyn Van Kemseke
Diane Wertz
Rev. David With

SENATE WAYS AND MEANS COMMITTEE testimony of WANDA McHARRIS,
(Continued)

SECTION 3 (c)

DEVELOPE LANGUAGE WHICH WOULD PROVIDE FOR THE EXEMPTION OF
PRIMARY DOMICILES AS REQUIRED PROPERTY DISPOSAL FOR SERVICES
RECIPIENTS.

In too many instances, persons requiring assistance in a Nursing,
or Extended Care Facility are required to sell the only home they
have, but any subsequent improvement in their condition, or the
capacities of their extended family to provide for their care,
does not lead to dismissal, or matriculation from institutional care
because they have nowhere to go.

SECTION 3 (d)(2)(G)

I URGE YOU TO ELIMINATE THIS LANGUAGE ENTIRELY.

There are far too many of us Kansans who will be subjected to
exclusion from all areas of services, and without those limited,
partial, or full benefits, these persons would be left with no
recourse, hope for survival, or opportunity for recovery. The
improvement, or avenues to overcome the impact of the social,
economical, and emotional conditions, without the availability of
the resources these services provide, becomes non-existent.
further, I suggest that approval and implementation of this provision
would have a highly adverse effect, resulting in enormously increased
expenditures in all other areas of institutional relief and control.
Mental illness could become a common necessity, and intentionally
violent anti-social behavior could increase from desperation.

Further, I suggest that Section 3 contain language to prohibit the
discontinuance of approved, prescribed medical services, medicines,
and other medical need provisions necessary to stabilize conditions,
and reduce, or eliminate the effect of illness, without the con-
sultation of the prescribing Physician, and the recipient.

Additionally, I suggest that the Secretary be invested with the
authority to establish minimum and maximum levels of compensation
for services, medicines, and medical materials for which assistance
is provided. I think in this way, Kansas can make a strong,
positive impact on the cost of health care

To the question of revenues, I suggest greater penalties, and increased
efforts to maximize lost dollar recovery on excessive charges, and
fraudulently manipulated contracts involving state revenues.

Thank you for your consideration

Testimony prepared for :SENATE WAYS AND MEANS COMMITTEE, Kansas State Legislature, concerning HB 2084; by WANDA McDANIELS

Senators, thank you for the opportunity to present the following personal comments on HB 2084.

I am WANDA McDANIELS of Topeka, Kansas, and I thank you for the opportunity to comment on this Bill.

In the Spring of 1982, as a result of deteriorating Medical conditions, I, of necessity, became a recipient of Social and Rehabilitation Services benefits. My experience with the Staff of that Department over the past nine months has been difficult, confusing, and filled with anxieties that have aggravated my medical problems, and consequently increased my assistance needs level.

I have sought employment throughout the State, where I could use my talents, abilities, and commensurate with my physical needs, but have found nothing.

I attempted to upgrade my marketability through education, but was Frustrated by SRS decisions, which I believe were capricious and unconstitutional, and which required me to terminate my studies, just to insure a month to month survival existence.

I have participated eagerly in a program activity, such as outlined in Section 3(c)(4) of this BILL, and as a result of inconsistencies in interpretation, and application of the guidelines, I have been subjected to interruptions and adjustments in benefits, which have served to preclude the development of a personal plan that would provide for my progress beyond the need for public assistance.

Since this legislation appears to be a reestablishment of the foundation instrument of law that provides for this Department, I urge you to consider the following suggestions:

SECTION 2 (b)

REQUIRE THE SECRETARY TO PROVIDE FOR PUBLIC ACCESS TO, AND PERIODIC REVIEW OF ALL POLICIES, RULES, REGULATIONS, AND GUIDELINES DEVELOPED AND IMPLEMENTED BY THE DEPARTMENT.

There are, and historically have been many policies and regulations developed and implemented by SRS that establish criterion in one paragraph, and identify exceptions, exclusions, or exemptions in subsequent paragraphs, but go unrecognized by some Staff Members.

The persons subject to these rules, policies, and regulations should be permitted to review the instruments that effect their ability to support, or debate their case intelligently

ATT H 2-22-83
11:00